



Senator Val Stevens

JUNE 2005

39th LEGISLATIVE DISTRICT



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- Natural Resources, Ocean and Recreation
- Rules

Dear Friends and Neighbors,

Thank you for giving me the honor of representing you in Olympia. The bills passed this legislative session will have a profound impact on working families and small businesses.

Taxes were raised on everything from extended appliance warranties to gasoline. Everyone in the state is impacted. I'm hoping all the hard work we've done in the last two years to turn our economy around, encourage business growth and help the most vulnerable isn't wasted.

This newsletter reports on the impacts to your family and what you can expect when some of these new taxes are implemented this summer. As your senator, I represent you and want to hear your comments and suggestions. Feel free to contact my office in Olympia via the toll-free legislative hotline at (800) 562-6000.

Sincerely,

Val Stevens

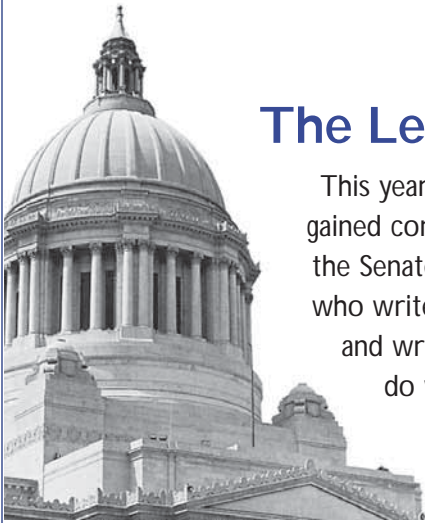
39th District Senator

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Many people ask me every day how they can find out what is happening at the State Capital. In response, I am starting an e-mail update. I hope to have the list finalized for the next legislative session. If you are interested in joining, please e-mail me at stevens.val@leg.wa.gov to subscribe.

Please indicate in your e-mail your interests to help customize the information you receive.

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The Legislature

This year was difficult for Republican legislators. In November, the Democrat party gained control of the House, Senate and Governor's office. When a party is in control of the Senate, for example, they have complete control of who chairs the committees and who writes the budget. So this year, we had Democrats chairing all of the committees and writing the state budget. When one party is in complete control, it allows them to do whatever they want to the people of Washington.

Senator Val Stevens voted against all of the tax inceases.

Taxes hurt families

The Legislature passed a state operating budget that raises taxes on warranties, cigarettes, alcohol and property. The state's revenue forecast gave budget writers almost an additional \$1.7 billion to spend for government programs. Instead, they spent more than \$2.8 billion and increased the number of state employees by more than 2,843. Democrat budget writers had to then raise your taxes to pay for their spending binge.

Warranty tax

Democrat budget writers want to tax warranties that are not included in the selling price of articles of tangible personal property. For example, the next time you buy that new television at Best Buy and you opt for the extended warranty—watch out! They will add an additional tax on the warranty, hoping to generate \$37.4 million for their bloated budget.

Families purchase the warranty for peace of mind. They want to know that the warranty will cover the new item if it breaks. By increasing the price, budget writers increased the family's cost of living.

Sin tax

Another group of taxes popular among budget writers are "sin taxes." They raise taxes on cigarettes and alcohol thinking their addictive qualities will ensure a steady stream of revenue for government programs. What they refuse to recognize is that when the tax is too high, those who use these products will simply stop purchasing them at local stores and buy them at the Indian smoke shop or out of state.

While smokers bear the brunt of the tax, families who own the local convenience store are also impacted. When people choose not to buy cigarettes locally, it is one less stop at the local store. In raising over \$224 million in sin

taxes, budget writers hurt more than our state's smokers. They're hurting family businesses.

Death tax

It used to be that when deceased parents left property to their children, the government would place a tax on the estate. The federal government is phasing out the death tax. However, majority budget writers couldn't let it go. They have instituted a death tax that will not be affected by federal law, raising \$135 million.

Families who receive their parent's home, business or other property often have to sell it to pay the death tax. If there is no market to sell the property, the state confiscates and auctions it to pay the tax. I believe this is really just a double tax. The parents have paid taxes on the property for years. It shouldn't be taxed again just because the owners have died. It doesn't make sense.

Supported no-new-tax budget

I would have supported a no-new-tax budget that protects the family, education and environment. Majority party budget writers refused to listen to these important budget ideas, but we know they work. In 2003, the Legislature passed a no-new-tax budget, and it helped our economy. During the last quarter, we had the fastest growth in personal income in the nation. Our unemployment is significantly lower, and we've had six straight upward adjustments to the revenue forecast.

A better solution was available. Budget writers ignored a no-new-tax option and raised taxes. In addition, their budget already has a deficit of \$1 billion in the next budget cycle. Washington families will ultimately pay the consequences.

Gas tax — Bad for families, bad for businesses

To my disappointment, the Legislature passed an onerous gas tax on the citizens of Washington. The four-year plan, which includes a 9.5-cent increase to the state gas tax, a three-increment increase to the motor vehicle registration fee based on vehicle weight and a \$75 flat fee for motor homes, amounts to more than \$12.4 billion in tax and fee increases to fund not only transportation projects statewide, but also such items as a flexcar subsidization (a car-sharing program for Seattle residents).

This budget is one of the largest state transportation tax increases in the whole country. According to USA Today's April 1 edition, Washington's current 28-cent gas tax puts us at 5th place among the 50 states. If no other state raises its gas tax in the next two years, Washington will have the dubi-

ous honor of having the highest gas tax in the nation at 34 cents, and ultimately at 37.5 cents. The second highest is 32.9 cents in Wisconsin.

Not only will we have the highest gas tax, but almost half of the 9.5 cents will go to pay interest. Two years ago when the Legislature increased the gas tax by 5 cents (and I voted no), 2.3 cents went to interest and 2.7 cents went to roads. The new gas tax will only have 5.41 cents (57 percent) going to roads. We'll be paying a whopping 4.09 cents (43 percent) to pay off the interest on the loans. This is an unwise use of our taxpayer's dollar.

In addition, the new gas tax and transportation fees hurt families and jobs. We should be working to encourage businesses to grow, which employ people, rather than pushing businesses out of the state. The voters clearly do not want more taxes. In November, they voted against a 1-cent tax for education. In addition, they voted for Initiative 695 several years ago, which repealed the motor vehicle excise tax. Voters have said it loud and clear: Just say no to taxes.

Besides paying a higher gas price (without the taxes), families will pay almost \$1,000 in taxes once all the transportation taxes are implemented. For example, if the average family owns a Nissan Ranger pickup, Subaru Legacy and Ford Expedition, they will end up paying more than \$267 in additional taxes for a grand total of \$1,067 in transportation taxes and fees annually. These numbers do not reflect any additional taxes imposed by counties and cities. Small businesses who own a small fleet of vehicles will pay even more. This tax hurts both families and businesses.



Vehicles	Average driving	Additional taxes and fees
<ul style="list-style-type: none">• Subaru Legacy• Ford Taurus• Jeep Grand Cherokee• Nissan pickup	15,000 miles per year Roughly 20 miles per gallon	\$81.25 annually
<ul style="list-style-type: none">• Ford Expedition• Lincoln Town Car• Buick Roadmaster• Toyota pickup• Dodge Half-Ton pickup	15,000 miles per year Roughly 15 miles per gallon	\$105 annually
<ul style="list-style-type: none">• Ford E-350 Super Club Wagon• Ford Three-Quarter-Ton Crew Cab• Hummer	15,000 miles per year Roughly 10 miles per gallon	\$173 annually

Saving children—Would a Department of Children and Family Services do the job?

Innocent children keep falling through the abyss found at DSHS. This shouldn't be happening. The agency lost the Braam lawsuit, which now requires the agency to fix its problems. In addition, the agency failed a federal review, and is now more than \$12 million over budget.

I believe part of the problem lies in the fact that DSHS is too big. Its very size allows small children to slip through the cracks. I sponsored Senate Bill 5872

to study the possibility of creating a new children and family state agency. We need an agency whose entire mission is to protect abused and neglected children, support efforts of families to care for their own children and provide quality care and permanent families for children. We need to allow this agency to focus on its core mission – children and families. The Legislature agreed and passed the bill. The governor signed the bill on May 13.



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